

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JURISDICTIONAL STATUS OF COLUMBIA)	
HYDROCARBON CORPORATION'S PROPANE)	CASE NO. 90-100
DISTRIBUTION SYSTEM)	

O R D E R

In 1987 Staff met with a representative of Columbia Hydrocarbon Corporation ("Columbia Hydrocarbon") to discuss a proposed residential development in Jessamine County, Kentucky. At that time, Columbia Hydrocarbon proposed to provide propane service through a gas pipeline to the Champions Golf Course Subdivision ("Champions") until Columbia Gas of Kentucky, Inc. ("Columbia Gas") chose to extend its facilities to Champions to provide natural gas service. Columbia Gas estimated such extension would occur within three to five years. In anticipation of natural gas service, Columbia Hydrocarbon also stated that the pipe would be installed to accommodate natural gas. The installation of the pipe would follow the requirements of Commission Regulation 807 KAR 5:022 including the testing and operation of a gas pipeline. In an April 27, 1987 letter to Columbia Hydrocarbon, Staff stated that: "The Public Service Commission has no jurisdiction over the sale or service of propane." However, with the similarity of the facts surrounding Columbia Hydrocarbon's project to Bright's Propane Service to Old

Bridge Subdivision in Burgin, Kentucky, in the pending Case No. 90-091¹ Staff met with representatives of Columbia Gas on September 15, 1989 to discuss the current status of propane service to Champions. During that meeting, Columbia Gas indicated that 14,537 feet of 2 and 3 inch plastic pipe had been installed through which propane is distributed and sold to 10 customers. Columbia Hydrocarbon charges these customers a rate which is different from the rate charged by Columbia Gas to its customers.

In response to Staff's November 6, 1989 request for additional information, Columbia Gas filed on November 22, 1989 information relating to the operation of the Champions' propane system. While Columbia Hydrocarbon owns the system and sells the propane, a service agreement exists with Columbia Gas by which it reads the meters and performs all other operating and maintenance functions. As of November 6, 1989, the number of customers had increased to 17. In its response Columbia Gas also stated that "Columbia Hydrocarbon is not a public utility regulated by the Commission." After review of the correspondence from Columbia Hydrocarbon and Columbia Gas, pertinent statutes, and being otherwise sufficiently advised, the Commission finds:

KRS 278.010(3) in pertinent part defines a utility as:

Any person except a city, who owns, controls or operates or manages any facility used or to be used for

¹ Case No. 90-091, Jurisdictional Status of Bright's Propane Company's Distribution System.

or in connection with . . . (b) the production, manufacture, storage, distribution, sale or furnishing of natural or manufactured gas, or a mixture of same, to or for the public, for compensation . . . (c) the transporting or conveying of gas, crude oil or other fluid substance by pipeline to or for the public, for compensation.

Propane is a type of manufactured gas which can be produced by extraction from natural gas or by reforming of natural or liquefied petroleum gases.

Therefore, the Commission finds that a prima facie showing has been established that Columbia Hydrocarbon is a utility within the meaning of KRS 278.010 because it provides manufactured gas to the public for compensation.

IT IS THEREFORE ORDERED that:

1. A hearing be and it hereby is scheduled for May 11, 1990, at 1:30 p.m., Eastern Daylight Time, in the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky. The purpose of the hearing shall be to provide Columbia Hydrocarbon the opportunity to present additional evidence it feels is relevant to the Commission's decision herein.


2. No later than 10 days prior to the hearing date Columbia Hydrocarbon shall file copies of all exhibits it intends to enter into the record at the hearing and a list of each witness who will appear with the summary of their testimony or prefiled testimony.

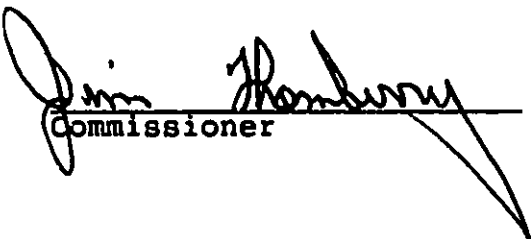
3. As an alternative to participating in the scheduled hearing, Columbia Hydrocarbon may file with the Commission no later than 10 days prior to the hearing date its tariffs pursuant to KRS 278.160 and otherwise comply with the Commission's laws and regulations.

Done at Frankfort, Kentucky, this 23rd day of April, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director